



FOR IMMEDIATE RELEASE:

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**ATTORNEY GENERAL TALIS COLBERG ANNOUNCES SETTLEMENT
WITH DIRECTORY BILLING, LLC TO STOP USE OF ACTIVATION CHECKS
26 States settle with on-line business directory**

(Anchorage, AK) Attorney General Talis Colberg announced today that Directory Billing, LLC, (doing business as USDirectory.com) has agreed to settle allegations that it engaged in deceptive business practices by using “live” activation checks to obligate businesses and organizations to pay for a preferred business listing on Directory Billing’s on-line yellow page directory, located at www.USDirectory.com. The agreement is the result of an investigation by the Alaska Attorney General’s Office and 25 other states regarding Directory Billing’s use of activation checks. The State will file the settlement agreement with the court, which must approve the settlement before it becomes final.

According to the terms of the settlement agreement to be filed with the court, Directory Billing has agreed to not use activation checks as the means of obligating businesses to purchase its products and services. The company also has agreed to pay \$400,000.00, collectively, to the states to be used for restitution to former Directory Billing customers that did not understand the consequences of depositing the activation check and to reimburse the states for their investigation costs. Directory Billing also agreed to contact its current activation check customers to inform them of their right to cancel their agreement and of their potential eligibility for a partial refund of monies paid to Directory Billing, LLC.

Current Directory Billing customers which are being billed through their telephone bill or bank account for a listing and which became a customer by depositing an activation check should be contacted by letter within the next two (2) weeks by Directory Billing. The letter will advise them of this fact and offer a partial refund if they elect to cancel. Any customers with questions are invited to call the Attorney General’s Office at (907) 269-5200.

The States alleged that since early 2004, Directory Billing, LLC, sent businesses and other organizations “live” activation checks in the mail. These checks were made

payable to the business or organization for a small amount, usually \$3.50. On the back of the checks, in fine print above the endorsement line, was language stating that by depositing the check, the recipient agreed to purchase advertising from Directory Billing, LLC, in its on-line yellow pages directory. The fine print also stated that by depositing the check, the recipient authorized Directory Billing, LLC, to bill monthly fees through the business's telephone bill or through automatic debiting of the amount from the bank account into which the recipient deposited the check, or by other methods.

The States' investigation revealed that some activation check recipients which had deposited these activation checks did so without knowing that they were purchasing Directory Billing's on-line advertising services or that they were authorizing a monthly billing through their telephone bill or through debits from their bank account. In some of these cases, the recipient remained unaware that they were being billed for several months, or longer, following that deposit.

The allegations that gave rise to the States' investigation and the settlement have not been admitted by Directory Billing, LLC, and its agreement to address the State's concerns and allegations does not constitute an admission of wrongdoing by the company.

Any Alaska business or entity that deposited an activation check from Directory Billing, LLC, since January, 2004, paid through its telephone bills or bank accounts, and believes that it did so unknowingly and without understanding the consequences of depositing the check, may file a complaint with the Alaska Attorney General's Office within the next thirty (30) days to participate in this settlement. Complaint forms may be obtained by calling the Attorney General's Office at (907) 269-5200 or from its website at: www.law.state.ak.us/consumer.

For questions about the settlement, please contact Assistant Attorney General Julia Coster at (907) 269-5200.